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CREATION OF ENTERPRISES AMONG YOUNG PEOPLE IN RUSSIA



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ABSTRACT

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This thesis focuses on the process how to open a business in the Russian Federation, what the steps are, what needs to be done, what is necessary to begin a business from the very beginning when you just have an idea. The literature is aggregated from the Constitution of Russian Federation, laws of Russian Federation, Russian and international literature related to the opening of entrepreneurship. The research data of this thesis is mainly collected from the entrepreneurs who opened their business in young age. The interviews were conducted with them through mail based on questions which were created. The combinations of theoretical contents and the practical information showed all main aspects of entrepreneurship to which entrepreneur should pay attention at the very beginning of business, as well as the basic steps of registration and creation of own business. This work provides information on how to officially register business, what form of entrepreneurship to choose, and what benefits are provided by the state. For better understanding of entrepreneurial sphere in Russia, interviews were conducted with current young entrepreneurs, whose age is not higher than 30 years. As a result, data were received on how difficult actually it is to open a company, and with what problems young entrepreneur can face.

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1 INTRODUCTION

Nowadays, the theme of entrepreneurship is interesting and very important. All civilized countries owe their prosperity to the market system of the economy, a powerful engine of economic and social development of which entrepreneurship is. The development of small and medium-sized businesses in the Russian Federation has significantly increased in recent years. Gradual recovery from the world economic crisis increased the need for the formation of a new generation of entrepreneurs, young, dynamic, modern people, able to play an active role in business, in the economy and in the development of society.

Youth entrepreneurship is a very complex sector, which requires particularly serious attention from government agencies. Correctly constructed, purposeful state support will ensure the development of small business in the country, which, in turn, will lead to economic growth.

Young people should be the main driving force for the development of small and medium-sized businesses. Young people, as a rule, have a creative thinking, which should positively influence business activity and competitiveness of business. Small businesses created by young people can respond quickly to market changes.

The youth business plays a major role in solving social and economic problems, such as creating new jobs and reducing the level of unemployment, training qualified personnel. Expansion of opportunities and strengthening of the influence of youth entrepreneurship necessitates the use of its potential. Young people are the most active part of society, which reacts quickly to any changes in life, and which effectively, perceives their useful sides. Young people have great potential. Often it is the young people who creatively approach the solution of various problems, because they are ambitious and full of energy. Therefore, young people have much more potential and ability to do business than other age groups

The purpose of this work is to study the process of creating company in detail. In the work a basic idea of how entrepreneurship is organized in Russia is given to the reader.

The tasks were set in order to give information about the current situation in the Russian Federation. There will be an analysis of how complicated the process of registering a business is for a person who does not have special knowledge. Also, will try to find out what problems a young entrepreneur can face without an experience.

Thus, the main research question is: "Is it easy to open business in Russia and with the problems young entrepreneurs can face in the beginning of entrepreneurial activity?"

In order to support and supplement the answer for the main research question, the subordinate research questions are:

- What the basic steps of registration and creation of own business are?
- How business can be register officially?
- What form of entrepreneurship is better to choose?
- What support can government offer to entrepreneurs?
- What problems young entrepreneurs can face?

2 THEORETICAL PART

2.1 Definition and the essence of entrepreneurship

The most typical and diverse definition of entrepreneurship is given in the work of American scientists Hisrich R. and Brush C. (1985, p. 18): "The process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence."

A significant contribution to the development of entrepreneurship's theory introduced famous American scientist Drucker P. (1985, p. 21). In his opinion, an entrepreneur is a person who opens his own new small business, but not every small business is entrepreneurial, only the one that creates a new market or new buyers. According to the scientist, the basis of entrepreneurship is modern knowledge. The content, function of entrepreneurship are innovations in all spheres of activity, including in management, therefore management is a new technology. According to Drucker, innovations are special tools of entrepreneurs, means through which they use changes as an opportunity to implement their ideas in business and services sectors. Therefore, the task of entrepreneurs includes a purposeful search for sources of innovation, as well as changing their signs, indicating the possibility of success.

Drucker P. (1985, p. 26) thinks that Entrepreneurship rests on a theory of economy and society. The theory sees change as normal and indeed as healthy. In his opinion, the functional activity of entrepreneurship is innovation in all spheres of activity, including management. Therefore, Drucker noted that management is a new technology that makes the American economy and society entrepreneurial. His statement has major impact on the Russian economy.

Russian economist Neshitoy A. (2002, p. 2-5) believes that entrepreneurship is a type of management based on the innovative behavior of business owners, on the ability to find and use ideas, to embody to them into specific entrepreneurial projects. This is usually a risky business, and therefore should be carefully justi-

fied, relying on the knowledge of the market and competitors, while not avoiding the support of state authorities. As Lapusta M. (2003) mentioned - entrepreneurship, as a social phenomenon, reflects the capabilities of every individual to be owner of a business, to show his individual abilities with the greatest impact.

Based on the concepts, it can be argued that entrepreneurship is a special, innovative, anti-bureaucratic style of management, based on a constant search for new opportunities, an orientation toward innovation, the ability to attract and use resources from a wide variety of sources to solve the task. The development of entrepreneurship, assuming the effective use of material, financial and labor resources, at the same time requires to itself state regulation in order to create certain favorable conditions for this.

Moreover, Neshitoy A. (2002, p. 2-5) highlighted that entrepreneurship contributes to an increase in the number of employees who, in turn, are economically and socially interested in the sustainability of entrepreneurial activity. The more efficient the business organization is, the more sustainable the region's economy, the revenues to the budget and state extra-budgetary social funds increase, as well as the number of jobs and the level of material status of employees, due to this the level of unemployment decreases.

Ronstadt R. (1984, p. 28) mentioned that: «entrepreneurship is the dynamic process of creating incremental wealth. This wealth is created by individuals who assume the major risks in terms of equity, time and career commitment of providing value for some product or service. The product or service itself may or may not be new or unique but the entrepreneur must somehow infuse value by securing and allocating the necessary skills and resources».

Alfred Marshall (2014) in his book *Principles of Economics* paid much attention to the entrepreneur's organizational function, in the implementation of which the entrepreneur should always look for methods that promise to be more effective than existing ones. He focused on the fact that not everyone can be an entrepreneur. These abilities are so complex and numerous that very few personalities can show them. Modern studies show that such individuals are no more than 10%.

As for the Civil Code of the Russian Federation in article 2 of Paragraph 1 there is a definition of the essence of entrepreneurial activity as an independent activity carried out at its own risk, aimed at the systematic receipt of profits from the use of property, the sale of goods, the performance of work or provision of services by person who legally registered.

In accordance with the concept of entrepreneurial activity in the Civil Code of the Russian Federation, it is possible to distinguish several characteristic features and peculiarities of entrepreneurial activity in Russia. Firstly, it is the independent activity of capable citizens and their associations. No one can force compulsorily engage in this activity. Secondly, it is an initiative activity aimed at realizing one's abilities, meeting the needs of other persons and society, also this activity is risky, so the future entrepreneur will have to take risks. Entrepreneurship is an activity carried out by persons (natural and legal) registered in the manner prescribed by law as individual entrepreneurs or legal entities. The main aims of this activity are the profit from the performance of works (services), the use of property and the sale of goods.

In the book of Schumpeter D. (2008), he concentrated attention on the existence of various enterprises in size, for example, today enterprises can be distinguished such as - micro-enterprises and medium-sized. Micro-enterprises belong to a very small business. They often include one, rarely two owners, as well as the family business. Most micro-enterprises have insignificant capital, limited technical and business skills. Others medium-sized enterprises, as a rule, are understood by an enterprise that is managed by a manager under the control of owner-shareholders.

Kuzminich G. (2012, p. 21-24) mentioned that the activities of most small businesses is socially responsible and unite socially unprotected groups of the population. Therefore, the role of small enterprises at the present stage is to support the efforts of vulnerable groups of the population to survive.

Gudashova L. (2013, p. 2-7) in her book "Entrepreneurship in Russia: Problems and Peculiarities" wrote that small and medium enterprises are a traditional and important part of the economy of almost all countries, including industrialized

ones. Naturally, the development of small enterprises in different countries has its own characteristics stemming from historical traditions, as well as the established role and place of small enterprises in the country's economy. As a rule, development depends on the achieved level of concentration and industrialization of the economy, as well as on the goals facing small and medium-sized businesses in the new socio-economic conditions. Small and medium business is not only means of subsistence, but also ways of revealing the creative and intellectual capabilities of people.

To summarize each of these definitions considers the entrepreneur from different sides, but all of them include such concepts as novelty, organizational talent, creativity and a willingness to take risks. Yet each of these definitions limits the scope of entrepreneurship, although in reality entrepreneurs can be found in all fields - education, medicine, science, law, architecture, production, social sphere, distribution. Therefore, here it is possible to give the following definition, which covers all types of entrepreneurial behavior: As economists Zhiznin S., Krupnov V (1990) said in their book entrepreneurship is the process of creating something new that has value; a process that absorbs time and energy, assumes the assumption of financial, moral, social responsibility; process, which results in cash income and personal satisfaction achieved.

2.2 Entrepreneurship situation in the Russian federation

Fatally flawed is the position of those scientists who believe that entrepreneurship for Russia is practically a new kind of socio-economic activity of the population. As Dudin.M.N mentioned in his book that during the years of Soviet power, the country has lost the accumulated experience of entrepreneurial activity. In the USSR, it was practically banned from the end of the 1930s.

The beginning of the revival of entrepreneurship was due to the adoption in 1987 of the law "On individual labor activity", which formulated a new institutional task for private business, as well as the foundations for the formation of entrepreneurship

The transition to market relations poses a set of complex problems for society, among which the development of entrepreneurship plays an important role. In Russia, entrepreneurship was poorly developed. Lack of own practical experience of entrepreneurship forces to borrow it from the west. Today entrepreneurship is one of the most important components of the economy. In the countries of the market economy, entrepreneurship has become widespread and constitutes the overwhelming majority among all forms of organizations.

Abramova A. (2014) believes that the performance of small businesses in Russia remains quite low compared to foreign countries. The high level of state support in economically developed countries contributes to the creation of a unified structure of economic entities into which organizations with different incomes, volumes of production, the level of cooperation and specialization are equally involved

Another feature of the low performance of small businesses as economist Timofeeva I. (2008, 208-300) thinks is the imperfection of Russian tax legislation and an undeveloped system of division of labor between large and small enterprises. The current situation can be explained by the fact that the majority of small enterprises operating under the simplified taxation system, which is exempted from VAT and interaction with large companies, will lead to an increase in tax payments for VAT for small businesses. The solution to this problem is possible by replacing the VAT with another tax, for example, a turnover tax. The removal of the tax barrier would facilitate cooperation between small and large businesses.

It is also possible to distinguish another feature that constrains the dynamic development of small business, as a risky character. Risks of small business arise in conditions of uncertainty and depend on many factors, both external and internal: instability of small business, legal insecurity of small business, political and social situation in the country, instability of legislation, high tax rates.

The main indicators of the activities of small and medium-sized businesses are published by the Federal State Statistics Service annually, based on the results of surveys of SMEs. In 2017 Russian statistic conducted a continuous federal statistical observation of the activities of small and medium-sized businesses in

2015 and 2016, in accordance with Federal Law No. 209-FL of July 24, 2007 "On the Development of Small and Medium-Sized Enterprises in the Russian Federation".

In the Russian economy, small and medium-sized businesses have a relatively small share. Due to the January 1, 2015, according to Russian statistics, 4.5 million small and medium-sized businesses were registered and operated in the Russian Federation, employing more than 18 million people, representing 25% of the total number of employed in the economy. But by January 1, 2017, 5.9 million enterprises were registered, which indicates the growth of entrepreneurial activity in the Russian Federation. The higher this indicator, the faster and more efficient the state copes with crisis situations. Russian economist Ketko N. (2012, p. 34-39) believes that this is due to the fact that according to statistics during the crisis in the small business sector, the rise and maximization of all major economic indicators is observed.

The government created a strategy for the development of small and medium-sized enterprises until 2030. The mission of the development strategy for this sector of the economy is to create a competitive, flexible and adaptive environment that could provide high rates of technological renewal of production and stable employment. The government decided to achieve this goal through the development of small and medium-sized businesses, which would contribute to a sustainable improvement in the quality of life and the growth of the share of the middle class.

Thus, the strategy for the development of small and medium-sized businesses for the period until 2030 is created to reduce the pressure of state and tax authorities on small and medium-sized enterprises, increase financial resources, expand subsidy programs, provide small and medium-sized enterprises with skilled human resources. This will positively affect the economy of each of the regions and the country as a whole.

The most popular activities among entrepreneurs in Russia are: transactions with real estate, renting, provision of services, as well as wholesale and retail trade.

Due to the fact, that in comparison with other spheres of activity these are most accessible to people.

According to the statistics from the figure 1, the share of such activities as mining, production and distribution of electricity, gas and water, agriculture is very low. These areas of activity in our country are not so developed; it is all because entrepreneurs do not want to work in such difficult spheres.

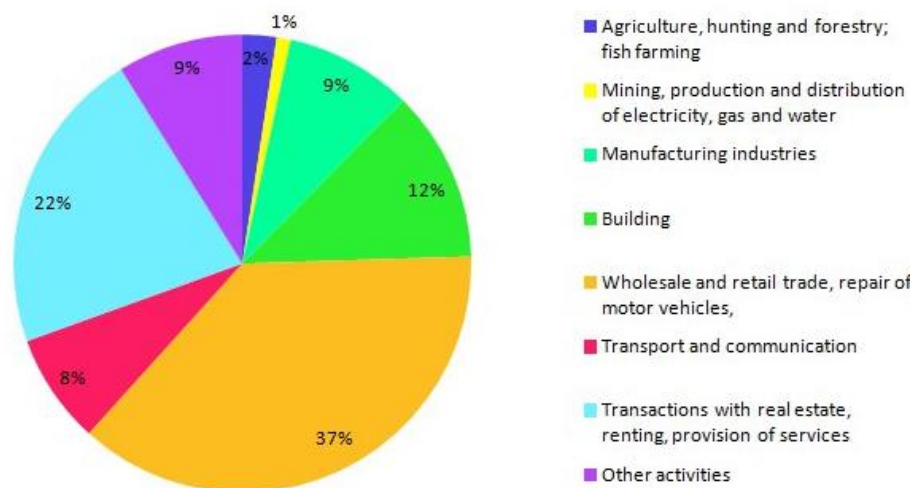


Figure 1. Sphere of activities in Russia in 2016. Official data from Russian statistics (2017, p. 25).

In recent years, the attractiveness of small business has decreased. Many young people prefer government service, which, in their view, provides stability. But without the innovative ideas of youth, the effectiveness of small business development will decrease. That is why the question of popularization of ideas of entrepreneurship arises.

It is important to note that small business in Russia, in comparison with the business of economically developed countries, and also in comparison with large business, has a number of features that hinder the dynamic development of small business. A special role in the development of small business is given to the state: business support should be integrated, strategic and become a new national priority.

For Russia, this is especially important; since small business plays a significant role in the socio-economic development of society, in solving the most important tasks of ensuring employment of the population, maintaining stability in the labor market, contributes to higher labor productivity and competitiveness of the Russian economy.

2.3 Types and forms of entrepreneurship in Russia

Each country has its own legal framework designed to regulate relations in the sphere of business activity. In Russia, such a legal framework is the Civil Code of the Russian Federation, which legislatively fixes organizational and legal forms within which person can officially carry out entrepreneurial activities.

In Russia before starting business every entrepreneur should choose the form of entrepreneurship. The choice of business organization will also depend on the content and scope of future entrepreneurial activity

2.3.1 Individual entrepreneurship

In the Russian Federation, any citizen can register an individual enterprise in the tax service. You can conduct business in any region of Russia. An individual entrepreneur cannot remain anonymous. Each customer gets the name of the owner of the business. Functions of registration of Individual entrepreneurs and maintenance of the register of them are transferred to the Federal Tax Service of Russia. Registration of individuals as entrepreneurs has as its key objective, among other things, the full, correct and timely collection of taxes and fees. Unlike other aspects of entrepreneurial activity, almost all issues of taxation of entrepreneurs are collected in one normative act the Tax Code of the Russian Federation. Knowing what the future entrepreneur will do the tax regime and choose the right tax system can be determined.

Vydrin S. (2007, p. 49-51) said that Individual entrepreneurship is understood as a systematic activity, independently carried out under its own responsibility, for

the purpose of profit and on the terms established by law. An individual entrepreneur is an individual (citizen) who personally conducts the business on his own behalf, at his own expense and risk, independently makes economic decisions. The individual entrepreneur takes personal full responsibility for the results of his activities. This means that if there is a debt, the entrepreneur pays all his property. At the same time, the entrepreneur works alone without attracting additional labor. Such entrepreneurship is classified as an individual work activity and is registered with local authorities, it is carried out on the basis of a patent, and the entrepreneur pays taxes as an individual.

Also Professor Pelikh A. (2003) believes that individual entrepreneurship is based on private property and most often has the character of a small business. Individual entrepreneurship is characterized by a high level of risk and a lack of specialized management.

2.3.2 Collective entrepreneurship

Article 48 of the Civil Code states: "The legal entity shall be recognized as an organization, which has in its ownership, economic management or operative management the set-apart property and which is answerable by its obligations with this property and may on its own behalf acquire and exercise the property and the personal non- property rights, to discharge duties and to come out as a plaintiff and as a defendant in the court. The legal entities shall have an independent balance and an estimate."

Under the Civil Code of the Russian Federation, business enterprises are established in the following corporate forms: full and limited partnership; production cooperatives; economic partnership; joint-stock companies.

Full and limited partnerships and economic partnership are the main commercial legal entities engaged in entrepreneurial activities. Their common features are mentioned in article 66 of the Civil Code: the authorized (joint-stock) capital and the ownership right to property formed as a result of making deposits and in the course of activities of a legal entity divided into shares (contributions) of founders

(participants). Economic partnerships and societies have a common legal capacity.

Full and limited partnership

Full or limited partnership is the association of several persons on the basis of an agreement between them for the performance of entrepreneurial activities. These types of partnerships are created in the form of a full or limited partnership.

Laptev V. and Zankovsky S. (2006, p. 101) believe that each participant in a partnership has one vote, regardless of size. Profits and losses of a partnership are distributed among its participants in proportion to their shares in the capital. Elimination of the members from participation in profits and losses is not allowed.

A limited partnership is one of the rarest forms of doing business in Russia. While using this form of business, a very high level of trust between the participants is required.

The production cooperative

The production cooperative is a voluntary association of citizens on the basis of membership for joint production or other economic activities (production, processing, marketing of industrial, agricultural and other products, work, trade, consumer services) based on their personal labor and the association of its members by property shares. The law and constituent documents of a production cooperative may provide for the participation of legal persons in its activities. The production cooperative is a commercial organization.

Members of the production cooperative bear on the obligations of the cooperative subsidiary responsibility in the amounts and in the manner prescribed by the law on production cooperatives and the charter of the cooperative. The legal sta-

tus of production cooperatives and the rights and duties of their members are determined in accordance with the Civil Code by the laws on production cooperatives.

Article 108 of the civil code of Russian Federation describe that the constituent document of the production cooperative is its charter, approved by the general meeting of its members. The charter of the cooperative must contain conditions about the amount of share contributions of members of the cooperative; the membership and procedure for making share contributions, responsibility for violating the obligation to make share contributions; the order of labor participation of its members in the activities of the cooperative and their responsibility for violating the obligation of personal labor participation; the order of distribution of profits and losses of the cooperative; the amount and conditions of subsidiary liability of its members for the debts of the cooperative; The number of members of the cooperative should not be less than five.

The Civil Code states that property owned by a production cooperative is divided into shares of its members in accordance with the charter of the cooperative. A member of the cooperative is obliged to make at least ten percent of the share contribution by the time the cooperative is registered, and the remainder within a year from the date of registration. The cooperative is not entitled to issue shares. The profit of the cooperative is distributed among its members in accordance with their labor participation, unless otherwise provided by law and the charter of the cooperative. In the same manner, the property remaining after the liquidation of the cooperative is distributed.

The production cooperative may be voluntarily reorganized or liquidated by decision of the general meeting of its members.

An economic partnership

An economic partnership is a commercial organization whose statutory fund is formed by one or several individuals or legal entities by making their shares. As shares, monetary or material assets, intellectual capital, securities or property

rights that have monetary value can be considered. In this case, an expert evaluation of the value of intellectual capital and property rights in cash is carried out.

There are two main forms of economic partnerships: a limited liability company, double liability company.

A limited liability company is a commercial organization founded by one or more individuals or legal persons who are liable for the obligations of the company and the risk of losses within the limits of the contributions only made by them.

The constitutive documents of a limited liability company are the charter of association and the articles of association approved by the founders only after the signing of the charter of association. If a company is established by one person, the sole constituent document is the charter.

Article 95 of Civil Code states that double Liability Company is recognized as an association whose authorized capital is divided into shares; members of such company jointly bear subsidiary responsibility for its obligations with its property in the same multiple for all, to the value of their shares as determined by the company's charter. If there is a bankruptcy of one of the participants, its liability for the obligations of the company is distributed among the other participants in proportion to their deposits. The name of double liability company must contain the name of the company and the words "with additional responsibility".

A joint-stock company

A joint-stock company is an association whose charter capital is divided into a certain number of shares; members of the joint-stock company (shareholders) are not liable for its obligations and bear the risk of losses associated with the activities of the company, within the value of their shares.

The name of the joint-stock company must contain its name and an indication that the company is a joint-stock company. The legal status of the joint-stock company and the rights and obligations of shareholders are determined in accordance with the Code and the law on joint-stock companies.

A joint-stock company whose members can dispose of their shares without the consent of other shareholders is recognized as an open joint stock company. Such a joint-stock company has the right to conduct an open subscription to the shares issued by it and their free sale on the terms established by law and other legal acts.

An open joint-stock company is obliged to publish information an annual report, a balance sheet, a profit and loss account. A joint-stock company whose shares are distributed only among its founders is recognized as a closed joint-stock company. Such company does not have the right to conduct an open subscription to the shares issued by it or otherwise offer them for acquisition to an unlimited number of persons.

According to information from the Civil Code, shareholders of a closed joint stock company have the right to purchase shares sold by other shareholders of this company. The number of participants in a closed joint stock company must not exceed the number established by the law on joint-stock companies. Otherwise, it has to be transformed into an open joint stock company within a year, and upon expiry of this period liquidation, if their number does not decrease to the extent established by law.

The founders of the joint-stock company enter into a contract defining the procedure for their joint activities, the amount of the company's charter capital, the category of shares to be issued and the procedure for their placement, as well as other conditions stipulated by the law on joint-stock companies.

The contract about the creation of a joint stock company is concluded in writing form. The founders of the joint-stock company are liable for obligations that arose before the company was registered. The constituent document of the joint-stock company is its charter, that approved by the founders.

The charter of the joint-stock company also must contain conditions of the categories of shares issued by the company, their face value and quantity; of the amount of the authorized capital of the company; of the rights of shareholders; of the membership and competence of the management bodies of the company

and the procedure for their adoption of decisions, including on issues, decisions on which are taken by a qualified majority of votes.

A joint-stock company may be created by one person or consist of one person in case if one shareholder acquires all shares of the company. Information about this should be contained in the company's charter, be registered and published for public information.

The authorized capital of the joint-stock company is made up of the nominal value of the company's shares acquired by shareholders. The charter capital of a company determines the minimum amount of a company's property that guarantees the interests of its creditors. It cannot be less than the amount provided by the law about joint-stock companies.

An open subscription to shares of a joint-stock company is not allowed until the authorized capital is paid in full. When establishing a joint stock company, all its shares must be distributed among the founders

A joint-stock company may be reorganized or liquidated voluntarily by decision of the general meeting of shareholders. Other grounds and procedure for reorganization and liquidation of a joint-stock company are determined by the Civil Code of the Russian Federation and other laws.

In article 104 of Civil Code referred that a joint-stock company has the right to be transformed into a limited liability company or into a production cooperative, as well as into a non-profit organization in accordance with the law.

2.4 Requirements for establishment business in Russia

The Constitution of the Russian Federation states that the right to be engaged in business activities is guaranteed to every citizen. It allows everyone to use their abilities and the property that is available to him for engaging in entrepreneurial activities. (Article 34)

The Constitution of the Russian Federation states that every citizen of Russia has the right to freely use his abilities and property for entrepreneurial and other economic activities not prohibited by law, and also economic activities aimed at monopolization and unfair competition are not allowed.

Moreover, the Civil Code of the Russian Federation contains the definition of the concept of entrepreneurial activity. Entrepreneurial activity, according to Article 2 of the Civil Code, is characterized by the following features:

- This activity is carried out independently, on the basis of the autonomy of the will and the property independence of the participants.
- It performed at one's own risk;
- It aimed at systematically deriving a profit from the use of the property, the sale of commodities, the performance of work or the rendering of services by the persons, registered in this capacity in conformity with the law-established procedure.

Registration of citizens as entrepreneurs is carried out in accordance with the Law on State Registration of Legal Entities and Individual entrepreneurs. The Unified State Register of Individual entrepreneur is conducted to collect information of all citizens conducting business activities. The state body authorized to register private entrepreneur is the Federal Tax Service of the Russian Federation. It is in the territorial body of the tax inspection at the place of his permanent residence that a citizen should be contacted if he wishes to register as an entrepreneur.

To open a business in Russia, it is necessary to register a legal entity or Individual entrepreneur. Only after that it will be considered legal, and it will be possible to officially engage in business activities.

In the Tax Code of the Russian Federation there are definitions to an individual entrepreneur and a legal entity. An individual entrepreneur is registered as a physical person, but has the rights of a legal entity. When an individual entrepreneur is opened, the authorized capital is not required, in comparison with a legal

entity. As for legal entity, the opening business requires the availability of authorized capital. Also, in order to register a legal entity, it is necessary to buy or rent a placement and register a legal address at its location. This entails additional costs.

Registration of an individual entrepreneur takes place at the tax office at the address of residence or at the temporary registration address. Moreover, online registration is possible, but for this it is necessary to have an electronic digital signature. State registration of legal entities is carried out by the Federal Tax Service of the Russia, for which the district is "fixed", in which the entrepreneur found the address for the office.

For registration of legal entities and individual entrepreneur, special applications must be submitted. For registering an individual entrepreneur, person has to fill the application form "P21001", which can be found on the official website of the tax service of the Russian Federation. Form "P11001", should be provided by legal entities. Moreover, depending on the number of people who create businesses, different documents are required for the registration of a legal entity. So if the founder of the company is one person, then he must provide: a decision on the establishment of the organization, the charter of the company being established. If the founders are several people, the list of documents is changed to such as: the report of the general meeting of the founders, an agreement on the establishment of a commercial organization, company charter.

According to the Tax Code, every entrepreneur has the opportunity to choose the taxation regime. For Individual entrepreneur, there are five taxation systems. The entrepreneur decides which system suits him best, focusing on his sphere of activity and his situation.

For registration of the entrepreneur, the state imposes a duty. For the registration of an individual entrepreneur, the state take a fee of 800 RUB/ 10 EUR, in turn, the state fee for the registration of a legal entity is 4,000 RUB/53 EUR.

2.5 Governmental support for young entrepreneurs in Russia

On the official website of the state support of young entrepreneur it is explained what the State support of entrepreneurship in Russia means. This program consists of a set of measures aimed at the formation, development and stabilization of business. This can be not only the allocation of funds for certain purposes, but also different types of help, which are no less in demand than finance. Each constituent entity of the Russian Federation, within the framework of the program of state support for entrepreneurship, has the right to organize and conduct its own activities to assist entrepreneurs.

According to Romanenko E. (2007, p. 92) In Russia, the system of support and development of entrepreneurship is currently at the initial stage of its formation. In his opinion, in comparison with Western countries such as European countries and the United States, Russia does not have such thoughtful and efficient programs. In his opinion, unlike Western countries such as the European countries and the United States, Russia does not have such thoughtful and effective programs.

State support of entrepreneurship in Russia can consist of: subsidizing, training, consulting, leasing of land or premises for small businesses. In the work "Peculiarities of state support of small business in Russia" Chupin I. and Dyomina I. explained every possible support option in detail. For example, training provides the state for young entrepreneurs is in various trainings, seminars, conferences, lectures on topics that are relevant for beginners in the business and those who decided to expand it, but do not know from what to start. There can be highlighted issues of business planning, the possibility of reducing the cost of marketing activities, proper management of personnel records, taxation, pension and insurance contributions, labor protection for workers and so on.

When analyzing such support as a consultation, it was mentioned that aid points are being organized on various specific issues with which beginning entrepreneurs can face. Such points are assisted by professional accountants, lawyers, economists, specialists in the field of labor and employment. Such consultations,

as well as the listed above measures of state support for entrepreneurship, are provided for free.

The most popular type of support from the state is subsidies. Subsidies are made in different directions and for different purposes. Governmental support for entrepreneurship in the form of subsidies is aimed at those who are just planning to open their own business. In this case, money is allocated to citizens with projects that are seeking funds to start their own business. It is very important to prove that your business is necessary for the region in which you plan to carry out activities, and also that you have calculated the risks and you are sure of the payback of your business idea.

The government of the Russian Federation also provides premises and land for rent to young entrepreneurs at a better price than private landlords. Lands are provided on preferential terms, which save very substantial sums. To help with premises or land from the state can only count officially registered entrepreneurs who are in the state register, it is also necessary to provide relevant documents to the fund for supporting small and medium-sized businesses.

On the official website of the state support of young business, there is information that all types of material support are carried out by holding contests and for the money to be provided to the participant, this competition must be won. Often a large set of documents is required, the main one is a business plan, it will be the decision on whether it is worth to allocate money to start a business or not. Thus, the drafting of a business plan should be approached with great responsibility.

All funds allocated within the framework of state support of young entrepreneurs are targeted. Therefore, it is necessary to have a clear cost plan. The entrepreneur must account for the money spent, and if the allocated money is spent for other purposes, it will have to be returned to the state.

The official website of the administration of St. Petersburg has information on the possibility of obtaining a grant. It is issued to entrepreneurs who are just starting a business in the whole territory of the Russian Federation, and it comprises 60,000 RUB/~790 EUR or 12 monthly allowances. Grants to support small busi-

nesses are provided to individuals who are registered as an individual entrepreneur or private for no more than 2 years. The funds are issued on a competitive basis to the needs of the business, except renting premises and paying wages to hired workers. To receive a subsidy for the development of small business can private entrepreneurs in the industrial, housing, communal, economic and social spheres. They will be able to prepare and protect the business development project and provide a full package of documents at the request of the commission.

In 2018, the system of state support for small businesses has become more sophisticated, which makes it possible to allocate assistance to various segments of the population for any type of activity.

Nowadays in the Russian Federation there are federal and regional programs of governmental support for entrepreneurs. For example, one of the federal programs provide by Ministry of Agriculture of Russia.

This ministry gives subsidies to entities for supporting small forms of farming in the countryside. This may be support for beginning farmers, a grant for the development of family livestock, support for lending to small forms of agriculture or the registration of land in the ownership of farmers. Moreover, Joint Stock Company "SME Bank" is engaged in the state program of financial support for entrepreneurship. In order to benefit from the support of this program, it is necessary to be an entrepreneur of small and medium-sized business, to determine the type of services, to contact the relevant participant in the program, and wait for decision of the Joint Stock Company. Also, Ministry of Economic Development of Russia is implementing programs to provide subsidies from the federal budget to provide government support to SMEs in the regions; this activity is conducted in accordance with Russian Federation Government Decree of 30.01.2014 No. 1605 and annually issued orders of the Ministry of Economic Development. The funds are allocated on a competitive basis between the regions.

In terms of regional support programs, in each region there are programs for people starting their own business. These programs can be found on official websites of Russian regions, for example, consider the north-western region of Russia, on the example of Saint-Petersburg.

One of such programs is the "Agate" fund. It is youth entrepreneurship support program. The fund's support is charitable and is aimed at supporting young entrepreneurs. This fund is an effective platform for starting your own business. This program helps entrepreneurs, who just start their business, to transform their projects into reality. In addition to providing free help in assessing a business idea, analyzing and preparing a business plan, the fund provides an opportunity for young people to have an experienced and reliable mentor-professional next to them receive.

The fund considers small business projects in the sphere of production, trade and services, for example, car washing, landscaping studio, apparel production, Internet shop, craft workshop, cafe, printing services center, sale of medical products, auto parts store and etc.

The fund focuses primarily on the personality and entrepreneurial qualities of the young person, his aspiration and ability to achieve success, rather than on secured solvency, when determining whether a young person's candidacy meets the required criteria or not. Nevertheless, when applying to the fund, the candidate has to provide a recommendation from those people who believe in him and who, in case of financial difficulties, are ready to share responsibility for repaying the loan received by the entrepreneur in the partner bank of the Fund.

Participation for beginning entrepreneurs in the program is no more than two years and is free for young people. Young entrepreneurs who have successfully passed the selection stages have the opportunity to receive from the foundation: free help in assessing the business idea and drawing up a business plan; Business mentoring of a young entrepreneur at the first stages of the formation of his business; starting capital in the amount of 200 000 RUB/ 2630 EUR to 750 000 RUB/ 9870 EUR.

Another program is called The First Saint Petersburg business incubator. This program is a universal launching pad for developing your own business. Provides fully support to start-up small enterprises in Saint-Petersburg. Residents of the business incubator are provided with a whole range of services free of charge with business development: legal and accounting services, information

and PR support, advertising, training, consulting, assistance in attracting funding, organizing participation in exhibitions, forums and other thematic events, possibility to use service of regional and foreign partners of the incubator, as well as comprehensive infrastructure services.

Residents of a business incubator can become legal entities and entrepreneurs registered in St. Petersburg for no more than 2 years. In order to use the services of a business incubator, it is necessary to apply to the Committee for the Development of Entrepreneurship and the Consumer Market of St. Petersburg, attaching copies of registration documents and a business plan.

The basic service of a business incubator is providing entrepreneurs with office and business premises (conference halls, meeting rooms). The cost of rent for residents starts from 246 RUB/~3 EUR to 787 RUB/~10 EUR for one square meter monthly, depending on the term in the business incubator. The rest of the rent is paid off from the budget of the city.

The fund for Assistance to Small and Medium Business Lending was established by the Resolution of the Government of St. Petersburg No. 1059 of August 28, 2007, with the participation of the Committee for Economic Development, Industrial Policy and Trade. The fund was formed with the aim of developing a system of small business lending in St. Petersburg and guarantees for liabilities of small and medium-sized businesses, based on loan agreements and leasing agreements.

The main objective of the fund is to ensure equal access of small and medium-sized businesses to credit and other financial resources. The fund implements a microfinance program according to which entrepreneurs receive microloans in the amount of up to 3 000 000 RUB/39 475 EUR for a period of up to 2 years, an interest rate of 10% per annum without additional commission payments.

The fund provides guarantees to small and medium-sized businesses for loan agreements. The total volume of guarantees of the fund cannot exceed 100 000 000 RUB/1 316 000 EUR for small and medium-sized businesses.

3 PRACTICAL PART

3.1 Methodology

For the work, the best method of research is qualitative method. Because of the small number of respondents, the quantitative method of research was not used, analysis with the help of statistics in case of the work was impossible, since the responses to the entire population of the country cannot be generalized.

The most popular and often used quality method is interviewing. An interview uses questions that are not unambiguous answer. This type of interview is an informal conversation conducted by the interviewer according to a preplanned plan and based on the use of techniques that motivate respondents to answer not just "yes" or "no", but give a detailed response.

Such interview is encouraged respondents to a lengthy and thorough discussion on the range of issues of interest to the researcher. During the interview, the personal opinions of the respondent, beliefs and values are examined.

Each participant of the interview gave permission to use their personal information such as name, surname and photo for publication.

3.2 Creation of unique interview for young entrepreneurs from Russia.

To collect information about young entrepreneurs and their companies in various fields of activity, it was decided to create unique questions to interview them. This method is the most successful for obtaining answers to questions which are interesting for the analysis. The answers to the questions are detailed, which helps to better analyze the idea that the entrepreneur is trying to convey.

Questions were made as simple as possible for responding, so that entrepreneurs could not think long and answer quickly as not to waste a lot of their time.

Questions were prepared in such a way that the answers were not "yes" or "no", but capacious, understandable and not too detailed.

Due to the fact that the thesis was creating in Finland, it was not possible to interview people face to face. Therefore, the only way was to communicate via the Internet. For this reason, a list of questions was created that can be asked in person, as well as be sent as a text.

Thirteen questions (appendix 1) were created, the answers to which was expected to receive in detailed form, in order to get as much as possible information about the interviewed entrepreneur. These questions will allow to analyze and identify the stages of opening one's own business, the problems that an entrepreneur may encounter, and also to understand what the situation in the country today in the sphere of business is.

The first question in the research was about how many years the interviewee is engaged in business. This question is at the very beginning, because it is important to know what kind of experience a person has and how long he is already engaged in entrepreneurial activity. If a person has a lot of experience in entrepreneurial activity, it means that a young entrepreneur can cope with various crisis situations and remain successful for a long time. Of course, little experience does not indicate the entrepreneur's inability, but in many situations the experience is very essential.

One of the tasks of the work is to understand what the process of creating an organization consists of. For better understanding of the initial stage of creating a business in Russia, question about how difficult it was to register business and how easy it was to understand the documents necessary for this were asked to the respondents. This question is important for the work, since the registration of the required documents and the registration of the company in the tax service is one of the first and most significant stages. This question provides with information on how difficult or easy it is to understand documents and register their businesses in a special institution. And also it was interesting to know is it possible to understand, to collect all the necessary documents by yourself or it will be necessary to ask for help a lawyer or specialist in this field.

The next group of questions relates to the story about the business of the interviewed person. The question about the form of the enterprise helps to know what kind of organization it is and how many people own the organization. It was necessary to learn about the spheres of the young entrepreneurs and how the ideas of business were invented. This information will give a deeper understanding of the enterprises, which will allow better to analyze the answers received and learn something specifically about this area. The question about time for which the business was paid off, helps to understand how successfully the entrepreneur moved in the chosen field of activity. Also it was important to find out whether the entrepreneur's expectations and their potential were justified, if a young businessman has a high potential, it will help his company succeed. It is very essential to enter the market in the right time, because this factor affects the company a lot. If young entrepreneur has guessed the time, then the start-up capital will quickly return, but it is also essential to manage the firm competently, which will allow the company to remain successful. These are the questions that will help to get to know the entrepreneurs better and make a clear picture of their business.

The Russian state strives to support young entrepreneurs in every possible way. In the first part of the thesis, it was told about governmental support that young people can use, who are just starting their own business. Therefore, the question of the young businessman will use state support or not was necessary. Knowing the mentality of Russians, young people do not want to waste their time on governmental support. Therefore, this question will help to know if it is true or not.

The next two questions are related to the situation in Russia. Entrepreneurs see the situation from within. They know how everything works in the Russian business sphere. Since the business sphere is not familiar to us a lot, it was difficult to know information about the entrepreneurial situation in Russia, so information could be found only from books or Internet sources. For the research, it is important to know what the real entrepreneurs think about the situation, because they personally work in this field. It is also necessary to know what the problems are for entrepreneurs. One of the tasks of the research is to find out with what problems entrepreneurs can face while opening a business in Russia, so this is a

very essential issue. Analyzing the answers of this topic, the main problems of entrepreneurship in Russia can be identified.

Finally, the last question is to ask what advice the entrepreneurs will give to future young people who decided to open their own business. Based on their experience, businessmen can caution the future entrepreneurs and protect them from mistakes.

The advantage of the interview was that the interviewers were at home and they were in a relaxed atmosphere, so they could answer questions with more willingness, even if there are a lot of them. With such interview, there are more opportunities for people to think about the question and answer more fully and accurately.

The main goal of the interview was to find out how difficult the process of opening a business for young people is and what problems a young entrepreneur can face, these questions helped to obtain the necessary information for research.

3.3 Selection of the respondents

The search for entrepreneurs is one of the key tasks in conducting the research. Thanks to the Internet, the search became much easier. The interview was independently conducted. The questions were created; respondents were found online and were interviewed also online. It was the only way, since we are in Finland and it was not possible to go to Russia

How did we succeed in finding entrepreneurs? Firstly, friends helped. Thanks to them, it was easier to find, and subsequently contact 3 young entrepreneurs through the social network "VK", as well as through the mail. Secondly, several respondents were found in the same social network "VK" a community of young entrepreneurs, where were asked questions from interview. Unfortunately, not all of the respondents agreed to answer list of questions, but still it was possible to manage to interview 2 people.

Thus, 5 young businessmen were found who agreed to participate in the research. To each respondent two weeks was given for an answer so that everyone could find free time and think over their answer well.

4 ANALYZE

All necessary information was received from the respondents, now a comparative analysis of all entrepreneurs can be conducted, analyzed and studied all the answers. Based on this, some of the questions posed at the beginning of the work will be answered and identified the problems that the young owners of companies in Russia are facing today.

The first entrepreneur who answered the questions was Dmitry Kolesnikov (Appendix 2), for the time of the interview he was 29 years old. Dmitry opened his business in 2016, so this year his business turned two years, before that he did not do business, which tells that Dmitry is a beginner in the field of entrepreneurship.

Dmitriy owns his shop selling various goods for cars, and also has his own website, where he sells the same goods online with delivery throughout Russia. The idea to open such a store came to him by accident, when he saw inexpensive, but effective means for protecting car cover. As an automobile enthusiast, he did not see this on the Russian market and therefore decided that it was a good idea to start his own business. When his online store began to be in demand, he decided to open his store.

Dmitry is an individual entrepreneur. He runs his own business in his own premises. In his opinion, this form of entrepreneurship is the most simple and optimal for a small enterprise. For Dmitry, the registration process, as for an individual entrepreneur, was not difficult, as it was easy to understand the documents for him. Initial capital, according to Dmitry, was insignificant, and his business paid off in just one year. According to Dmitry, the main problems were the creation of the website, groups in social networks, as well as work with advertising and promotion of the store. Dmitry was lucky, because he was able to win a grant to create his own store. Dmitry lives in Saint-Petersburg, so he had the opportunity to participate in such a program as the AGAT fund, which provided free seminars for beginning entrepreneurs, this program was mentioned in the theoretical part in Chapter 2.5.

Dmitry gave his comment about the entrepreneurial situation in Russia. He believes that the situation is favorable, because of the political situation. The state of the Russian Federation seeks to support the young enterprise in order to improve the situation in the country and thereby the economy of the country. Dmitry believes that the main problems are a high lending rate, as well as low paying capacity of the population.

The next entrepreneur who agreed to give an interview was 25-year-old Timur Gulashvili (Appendix 3). Timur owns his bakery and opened it as well as Dmitry in 2016, which also tells of his little experience in the field of entrepreneurship. Timur is an individual entrepreneur. He believes that today, thanks to the Internet, the process of registering oneself as an entrepreneur is not a difficult process and he did not have any problems.

Timur is engaged in baking bakery products in his own store, where he also sells finished products. The idea of this business came to him in his student years. As a student, he preferred instead of cafeterias with a full-fledged lunch, go to a bakery and try fresh buns, as it was also cheap and tasty. The seed capital was 350 000 RUB/4 605 EUR and his business paid off in 1 year and 8 months. The main obstacles for Timur were the search for distributors with quality goods, as well as finding a profitable location. Rent in a good location requires a high fee, which is a big problem at the initial stage. Unfortunately, Timur was not able to use any government support, in his opinion; this is a very long process that requires a lot of strength and knowledge.

Regarding the situation in Russia, Timur believes that the situation is excellent, because many potential young people are involved in entrepreneurial activity, who can succeed in the future. Timur gave comments that for today in the minds of Russians there is a stereotype that everything is bureaucratized, which in reality is not true. He believes that this is a big obstacle for entrepreneurs who are afraid of this fact and do not even try to open their own business.

Aleksey Svishchenkov (Appendix 4) is 30 years old, he has been in the entrepreneurial sphere for three years already. Aleksey is a master of sports in mixed martial arts, in the past he taught children in a sports school. When he received

the necessary experience, Aleksey decided that he could try himself at business and opened his martial arts school for children. He wanted to do something in the sphere that he was interested in and which understood. Aleksey is an individual entrepreneur. The registration process was simple for him, thanks to the Internet.

The seed capital was 400 000 RUB/5 263 EUR. Aleksey faced such problems as the lack of customers due to the low popularity of his school. He had to invest a lot in advertising and promotion of his school, so his business paid off only after two years of continuous work. According to Aleksey, getting state support is a long and complicated process, so Aleksey decided not to waste his time.

Aleksey believes that the situation in the country is not prosperous to start a business. Starting a business today is rather difficult and risky. There are also a lot of problems in business activities such as: the lack of investors who are ready to invest in a new small company, the situation with lending, because of interest rates are too big for people who are just starting their business and yet have no experience, a large client base and constant profit.

Pavel Rain (Appendix 5) owns a company for the manufacture of metal structures for individuals, as well as for enterprises. Pavel is 30 years old and has already been in this business for seven years as an entrepreneurship. Pavel worked in this area before opening a business for five years and, when he gained enough experience, he decided to risk and opens his own enterprise in this area. Pavel is an individual entrepreneur, he told that there were not any difficulties during registration because all the documents were clear to him, and if something was not clear, he used the help of the Internet.

The seed capital was about 200 000 RUB/2 631 EUR, the business paid off after one and half years of continuous work. Pavel was born in Saint-Petersburg and operates in the same city, so he had the opportunity to use the program "The first Saint-Petersburg business incubator", which helped with the payment of the premises, this form of support was also discussed in part 2.5 of the work. At the beginning of his business activity, the main obstacles for Pavel were the selection of specialized personnel who have the necessary knowledge to work in this

field, and because of the lack of experience in this area, there were a lot of incomprehensible nuances that made the initial stage of creating a company very problematic, it was also difficult to find a suitable industrial premises.

As for the situation in Russia, Pavel believes that it is not stable now. This is due to the political situation and not the stable ruble exchange rate against the euro and the dollar. The most important problem is too high interest rate on the loan. Because of it, it is very difficult to calculate the profitability of the entire business or a certain project that needs credit.

The last out entrepreneur is Marat Galliulin (Appendix 6). He is 29 years old and has been in business for 4 years. Marat owns his own cafe. From his childhood, Marat participated in the restaurant business, as his parents had a restaurant. Marat is a legal entity, his firm is a limited liability company, and for him the registration process was simple, as he has legal education. The contribution of Marat to his start-up business was 200,000 RUB/2 631 EUR, which fully paid off after approximately year.

Marat tried to participate in the competition for grant several times, but his attempts were unsuccessful. In his opinion, state support is not being distributed fairly, and it is almost impossible to win them. There were several problems that Marat faced in the initial stages, the first was big financial expenses, during the development of his cafe there was more and more unplanned expenditure, the second was the difficulty of attracting investors, because they do not believe in the success of a small business. Marat believes that the business situation in the country is critical, Russians have very low purchasing power, for this reason to attract customers or sell something to them is very difficult.

5 DISCUSSION AND CONCLUSION

5.1 Key results

All data was received from the respondents, it is worthwhile to study and give comments all the answers more thoroughly. All the answers will be compared. Judging by the received data, all respondents were engaged in business for no more than five years, which shows small experience of entrepreneurial activity. This is all due to their age; all respondents at the time of the interview were from 25 to 30 years old. As can be seen, all entrepreneurs started their activity at the age of 25 years or later, only one Timur started at 23 years old. So due to some circumstances, perhaps inexperience or fear of risks and problems, young people do not start their business too early and start taking their first steps at more mature age.

To date, as it can be seen that from experience of interviewed entrepreneurs, the process of registration of an individual entrepreneur or legal entity is quite simple. Thanks to the Internet and the help of consultants in special institutions, new young entrepreneurs should not have any questions. Legitimizing business in Russia is not a difficult process that does not require special knowledge or involvement of specialists.

As for the form of entrepreneurial activity, most young people prefer individual entrepreneurship. This is due to the fact that this form is most convenient for entrepreneurs who just want to begin their business, since it is easier to register, taxes are lower. If compare a legal entity, an individual entrepreneur risks all his property, while a legal entity risks only authorized capital.

The young entrepreneurs have different spheres of activity, which allows finding out what problems the owners of companies have in their spheres. Also, can be seen how people argue about the situation in the country and about the problems associated with the development of entrepreneurship in general. It can be noted that, in the opinion of entrepreneurs, the problems that impede the development of entrepreneurship in Russia are correlated among themselves. Some

difficulties in the early stages are also similar. From this can say that, regardless of the sphere of activity in which the entrepreneur carries out his activity, the main problems for all are the same.

If to talk about business ideas, many entrepreneurs, whom were interviewed, already had experience in the areas that they are currently engaged in. For example, Aleksey, Pavel and Marat had worked before opening their business in their spheres. Timur and Dmitry knew about the spheres they had chosen, since they had an interest in it, before the opening businesses. Consequently, a business idea can be born both from the experience of working in the chosen sphere, and the person's interest.

The starting capital was almost the same among all entrepreneurs; it did not exceed 500,000 RUB/6 579 EUR, which is relatively small for opening a business in Russia. Based on the experience of the respondents, can be noticed that for successful operation of an enterprise, you do not need to invest a lot of money in the initial stages of your business; the most important thing is to think through your business plan and calculate all the financial expenses you can face. The business of all the interviewed people paid off in no more than two years, which is a good indicator.

As for state support, the opinions of the respondents were divided. Some people think that this is a waste of time and energy, so they have not even tried to participate in it. The other half of the respondents not only participated in contests for receiving support from the state, but also was able to win. Moreover, according to one of the entrepreneurs, support from the state is being distributed dishonestly and from his own experience he believes that it is very difficult and impossible to win.

5.2 Identification of problems

Thanks to interviews with entrepreneurs who agreed to answer the questions, some problems were identified. In this chapter, there will be an analysis of these

problems, and also offer some solutions that can help future entrepreneurs who want to start their business in Russia.

Problem of advertising

The first problem that was identified was the problem with advertising. Every owner of a company, faces the problem of promoting his business, and it does not matter whether beginner or an experienced entrepreneur. To increase the amount of revenue, the number of customers, to raise awareness of the local population about company, marketing tools are required.

Often, a beginner entrepreneur does not fully understand how much money should be spent on advertising for his company to become famous. In most cases, the financial resources of the owners of firms are small and limited, so they are primarily interested in low-budget promotion of small businesses.

It is very important from the very beginning to think carefully about marketing costs. The specificity of small business promotion lies not only in the limited budget, but also in the level of competition. As competition in small business is not less fierce than in big business, businessmen should be creative in advertising their goods and services. With a competent, creative and hardworking approach, you can achieve really good results with relatively low marketing costs. If the entrepreneur is not competent in this matter, it will be better for him to consult a specialist in this field that can lead to costs, but in the future, to effective results.

Problem of renting

The problem of renting a good premise can also become an obstacle. Beginning companies with small seed capital do not have the opportunity to purchase land, as well as further construction, so there is a need to rent premises. Depending on different areas of activity, the demand for premises varies. For areas of activity where customers play a significant role, it is important to choose location in

such place that people willingly would like to visit. Therefore, the place should be lively, where there is high-traffic, but the main problem of such places is very high rent. If to talk about the industrial sphere, there are not so many premises and almost all of them are located in the outskirts or outside of the city, which is not very convenient.

Today, there are many landlords who do not legally provide premises for rent, so beginners should be very careful when making transactions with landlords. Before signing the contract, you should ask for all documents that confirm that the premises are actually owned by the lessee and carefully study the contract and all necessary documents.

Problem of staff recruitment

Staff recruitment is a very important and responsible moment in the creation of your business. The effective functioning of any organization, first of all, is determined by the level of development of its staff. On the labor market today, there are a lot of people from different areas who are looking for job, but among them very few really skilled workers. Hiring a high-class team is very difficult, especially for a beginning entrepreneur, who does not have large financial resources. Highly qualified employees will choose a job in a successful large company that offers a salary several times higher than a start-up one.

It is very important for entrepreneurs who just start their own business to find staff who will diligently and qualitatively carry out their work. Therefore, for the young owner of the company, the only way is to find staff without much experience, but with the potential and the desire to improve themselves.

Problem of lack of experience

The problem of lack of experience and knowledge among young entrepreneurs was mentioned. Young people often have no experience not only as entrepreneurs, but also in the profession with which business is connected. Most start-up

entrepreneurs perfectly understand their industry, but know very little about doing business, paying taxes, accounting and other important aspects. Because of this, they make many mistakes and spend a lot of their time on unnecessary actions.

This may also be a lack of education in economic and legal matters. It is necessary to clearly know the rights and obligations to the state and the end user. Before processing the documents, it is necessary to familiarize yourself with the laws and regulations concerning the future of the enterprise, consult with a specialist about the availability of all documentation. You need to be personally acquainted with all documents, draft a business project and know all the substantial sums.

If an entrepreneur does not understand the conduct of business, it is better to ask professionals for help. And if the entrepreneur does not have enough funds for this, then a good advice will be to try and learn from the already successful businessmen.

Problems of fears

Such problem as the existence of fears, often arise among young entrepreneurs. A man who has just decided to start their own business can scare the fear of failure, fear of fact that his business will go under. Usually, such fears do not just appear; especially fear arises in areas that involve capital-intensive types of business.

Many people are afraid to start their own business, because they are convinced of the stereotype that business is difficult. This is rather not fear, but inability to set goals, to assemble a team and select competently the niche of a new business. Business is everyday work. If you do not learn how to manage your business and do not constantly improve your professional level, you can quickly lose everything.

In order to overcome fear, it is necessary to begin to study the basics of entrepreneurial activity from the basics. You can begin from getting business educa-

tion in special schools or you can ask help from an experienced entrepreneur who can be trusted and be ready to give advice at any time. Today, the Internet presents a variety of courses, schools and business incubators. In each city there are similar training courses for start-up entrepreneurs, which are provided by the state, as was mentioned in chapter 2.5. To get rid of fears the young entrepreneur needs to gather a team of adherents, that will help develop a positive motivation for starting business.

Problem of finance

One of the most important problems for young entrepreneurs is the difficulty with finances. Starting capital of young entrepreneurs is very limited. Insufficient calculations of cost of the project at the beginning in most cases lead to the fact that the money for its implementation is not enough. Not everyone has the opportunity to take a loan from the state fund or from a private bank, so in most cases, due to lack of capital, it is needed to close business. On the other hand, if there is excessive investment at the beginning stages without accurate profit forecasts, business will not reach payback.

It is essential to consider in detail the amount of future costs. A beginner entrepreneur needs to elaborate a financial plan and know exactly on what and how much money will be spent on details. It is worth to save on things that are not so important and will not play an important role for a beginner business.

Without financial resources, neither the creation of a business nor its development is possible. The source of such resources in the segment of small enterprises is personal money of the business owner, borrowed funds and subsequently earned profits. Today, effective investment activity of enterprises is impossible without financial resources. It allows to expand the volume of production significantly, to ensure more efficient use of own capital and to increase the market value of enterprises.

Problem with investors

To date, almost every sphere of business is characterized by a high level of competition. To maintain positions and achieve leading position, companies are forced to develop constantly and learn new technologies. In this situation, the management of the company should understand that further development is impossible without the inflow of investments. Attracting investment in the company gives it additional competitive advantages and is often a powerful means of growth.

There is a problem that investors do not want to invest in an area that does not give a big return and will not give high profits in the future, so young businessmen who have just opened their own business often face such problem. They do not want to lose their money by investing them in an unreliable company. Therefore, the company needs to increase its investment attractiveness.

5.3 Conclusion

Young people are a valuable economic resource for the state. The future economic situation in the country depends on them. In this work, a lot of tasks were analyzed:

- What is the situation in Russia today in the sphere of entrepreneurship? It was found that in some areas the situation in the country is favorable; the main thing is for an entrepreneur to believe in his own strengths and capabilities.
- It was discussed how business activities are organized in Russia, tried to give basic information about it to a person who does not have knowledge in this area.
- The main ideas were given, as well as instructions on the process of official registration. As it turned out, the registration process is very simple and ordinary person will have enough of knowledge, and in case of any misunderstandings he can turn to the Internet for help

- Forms of support the state were examined and what government can offer to a start-up business, it was explained if the young entrepreneur had an idea, where he could participate in and what help he could ask for. As it turned out, getting state support is realistic; the main thing is to have a desire and worthy idea and the state in turn will try to help start-up entrepreneurs by providing a variety of assistance, starting from consultations in the field of entrepreneurship, ending with financial support.
- Due to the research in the form of interviews with existing entrepreneurs in different spheres of activity and analyzing the data received, a set of problems that young entrepreneurs may face at the very beginning of their activities were identified.

To summarize, the State of the Russian Federation encourages young entrepreneurs. It is not very difficult to create your own business if you avoid problems, and if you are not afraid to face the problems that may meet during creation of your organization, which have been identified in research part, then everything will turn out and the business will prosper.

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APPENDICES

Appendix 1

Interview questions:

1. How many years have you been involved in your business?
2. Was it difficult to register as an entrepreneur? Is it difficult to understand the documents necessary for this?
3. Are you an individual entrepreneur or a legal entity? If it is a legal entity, what is the form of your company?
4. What is the idea of your business project?
5. How was the idea of your enterprise born?
6. How soon did your business project pay off?
7. What were the difficulties encountered in the first stages, how did you overcome with them?
8. What was the starting capital?
9. Tell us about your audience. Who are all these people?
10. Did you use any government support? If yes, which ones? If not, tell why?
11. In your opinion, what is the current situation in the sphere of entrepreneurship in Russia at the moment?
12. How do you think, what are the main problems in the development of entrepreneurship?
13. What advice would you give to an entrepreneur who just begins business?

Appendix 2

Name: Dmitry Kolesnikov

Age: 29 years old



Sphere of business: Trade

1. I have been engaged in business for 2 years and started my business in 2016.
2. No, business was not difficult to register, it was simple.
3. I am an individual entrepreneur.
4. I have my own store selling various goods for cars, and also have my own Internet website where I sell these same products online with delivery throughout Russia.
5. In social networks I learned about the existence of an inexpensive and effective means of protecting the car body from scratches, chips and rust and decided to distribute it through the Internet website. As a motorist, I have never seen this product on the Russian market, therefore, decided that it is a good idea to start business. When the online store began to be in demand, I decided to try to open my store.
6. The business project paid off after 1 year.
7. Throughout my business I faced such problems as the creation of a website, groups in social networks, setting up advertising. It took time to customers found out and believed in my product and quality of service.
8. Starting capital was a small part of savings, support and help from relatives.
9. I used state support, won a grant to create a store, rented a premise for this money, bought equipment, and arranged the premise. I also visited free

seminars for young entrepreneurs how to do business, organized by the authorities of our city.

10. Today the situation is very favorable. Because of the political situation in the world, many markets and goods have been closed to us, therefore, the Russian government is forced to provide full support to its entrepreneurs, including in the small business sphere, first of all, supporting young entrepreneurs as the future of their country. Laws are changing rapidly, business control from the state is weakening, and there are a large number of tax incentives, especially for young enterprises.
11. The main problems in the development of entrepreneurship such as a high lending rate and low solvency of the population
12. My advice to entrepreneurs who have just opened their business is to believe in themselves, try to find the original idea, not to rush to invest big funds at the initial stage in projects, and first try to test the customer demand in small parties.

Appendix 3

Name: Timur Gulashvili

Age: 25 years old

Sphere of business: Trade



1. I am engaged in business 2 years.
2. Register my business was not difficult. Today, there are a lot of information about registration and many different nuances, you just have to sit down and figure it out. There is nothing difficult.
3. I am an individual entrepreneur.
4. I am engaged in baking bakery products in my own store, where I also sell finished products.
5. Idea was not come to my head in an instant. I preferred bakeries from when i was a student, instead of cafeterias with a full-fledged lunch. First of all, you spend less time and as for me, buns so much tastier.
6. My business paid off in 1 year and 8 months.
7. The biggest problems for me on the first steps were lack of quality distributors and place renting with high traffic, as a rule, such places have too high price, which does not allow the project to pay off quickly and go out for profit.
8. 350 000 RUB/4 605 EUR was the starting capital.
9. No, I did not use any of governmental support. It's too long process and it requires knowledge, which also takes time, I decided not to delve into this process and did everything solely on my own money.

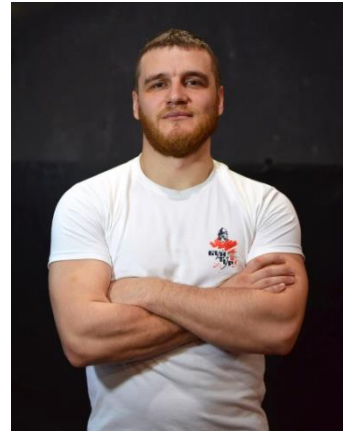
10. I think, that the situation in the country is excellent, many young guys, cool projects and a huge number of start-ups.
11. It seems to people that this is too difficult, but these are all stereotypes about bureaucracy, it certainly is, but in reality this is not a problem.
12. My advice is to deal with everything by yourself, do not listen to people, it's better to make sure by yourself and be confident, even by mistakes.

Appendix 4

Name: Aleksei Svishenkov

Age: 30 years old

Sphere of business: Martial arts school



1. I have been working in business for 2 years.
2. Thanks to the Internet, everything was clear with documents.
3. I am an individual entrepreneur.
4. School of single combats for children.
5. I am a master of sports in mixed martial arts, several years I taught children in sports school and got necessary experience. I decided to try myself in business and open my martial arts school for children; I really wanted to do something that I love and understand.
6. The business paid off in two years.
7. I faced such problems as low popularity of clients and I had to invest a lot in advertising.
8. The starting capital was 400,000 RUB/5 263 EUR.
9. I did not use state support, because I think this is a rather complicated and long process.
10. Honestly, the situation is not very good for opening business. In my opinion, it will be difficult for a young entrepreneur to start.
11. Problems in the absence of investment institutions. Very few people who are willing to invest their money in a small and little-known company. The situation with loans in our country is quite difficult. Interest rates for young entre-

preneurs who are just starting their business are high. Banks do not want to give loans to young companies, since they consider them unreliable and unstable.

12. The main thing is to believe in your business and not give up at the slightest difficulties.

Appendix 5

Name: Pavel Rain

Age: 30 years old

Sphere of business: Trade



1. I have my own business for just over 7 years. I opened it in 2010.
2. There were no difficulties with registration, because all the documents were clear, and if something was unclear, I used the help of the Internet.
3. I am an individual entrepreneur.
4. I am an owner of the company for the manufacture of metal structures for individuals, as well as for enterprises.
5. I have been working in this area before starting a business for seven years and, when I gained enough experience, decided to take a chance and open my own company.
6. The business project paid off after 1.5 years of continuous work.
7. While creating my business I faced with problems such as: the selection of specialized personnel, the lack of experience in this field, because of this there were many incomprehensible nuances.
8. My starting capital was 200 000 RUB/2 631 EUR.
9. Yes, I took part in state supports, since I am from St. Petersburg and the business also is situated in this city, I had opportunity to be part of the program which called "The first Saint Petersburg business incubator" which helped me with payment of a premise

10. The situation in Russia is not stable, due to the political situation and not the stable ruble exchange rate against the euro and the dollar.
11. The main problems in the development of entrepreneurship is too high loan interest rate, because of it, it is very difficult to calculate the profitability of the entire business or a certain project that needs credit.
12. Do not be afraid!

Appendix 6

Name: Marat Galliulin

Age: 29 years old

Sphere of business: Restaurant business



1. I have been working in my business for 4 years.
2. No. The registration process was quite simple, as I have legal education.
3. LLC.
4. Café.
5. I have been participating in restaurant business for a long time, because my parents had a restaurant. From the childhood, I monitored how everything is arranged in this sphere. Therefore, I decided to take a chance and try myself in this sphere of business.
6. Approximately in a year I returned all spent money.
7. I faced with large financial expenditure. During the development of business, you had to spend more and more money on different little things. It is difficult to attract an investor, as they do not believe in success of a small newly opened business.
8. 200 000 RUB/2 631 EUR.
9. I tried to win a grant, but I could not win it in the contest. Many times I tried, but the result was always the same. In my opinion, all possible support has already been distributed in advance between the approximate people from the state apparatus.
10. The situation is critical. Russians have extremely low purchasing power. Therefore, to attract customers or sell something to them is very difficult.

11. The entrepreneurial situation in the country is critical. The Russians have very low purchasing power
12. Move to another country and be happy.